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Annual Report Part III: FY2001 Performance Narrative

SO 16: Environment for Trade and Investment Strengthened

Overview: A troubling economic and policy situation hampered performance this reporting period, resulting in the program just meeting expectations. This mixed performance is due to the continued economic slowdown, combined with an increasingly difficult political environment for policy reform. Performance concerns led to reallocation of resources and midcourse adjustments. At the same time, major successes in some areas laid the foundation for better performance.

Key Achievements: During FY2001, legal and regulatory constraints were reduced, critical markets for services, finance, and trade were strengthened, and access to information for policy making and private sector investment decisions improved. The new mortgage law – leveraged as part of the policy program – has already attracted a major U.S. real estate firm. Coldwell Banker's investment in Egypt, by opening a franchise, is expanding workforce skills, jobs, and home ownership. The number of decrees passed or implemented to improve the legal and regulatory environment exceeded targeted levels. Significant improvements occurred in the policy environment for agricultural sector support services, and exports in fresh and processed foods increased on target. A broader cross-section of Egyptians has gained access to the internet, as well as to debt and equity markets, thereby enhancing business growth. A significant constraint on trade was also addressed by rationalizing the Government of Egypt's (GOE) sampling of imported products for purposes of inspection, consumer protection, customs, and health. USAID's technical assistance helped bring about this change.

Successful efforts to expand exports, working through leading firms and business associations, now extend benefits to those who have been left out in the past -- small rural producers, and those in underserved areas, particularly in Upper Egypt. Ensuring sustainability as funding levels decline must become a dominant theme of discussion with our partners. Progress has been made in GOE funding for policy reform efforts and increasing the share of costs paid by the private sector for services received. An endowment has been established to support economic policy research in the future. Public and private institutions are becoming stronger, and selected services are moving toward commercialization or using a fee-for-service basis.

Reallocation or redirection decisions have been made based on positive performance. A new agriculture program is being developed based on impact and continued opportunities in the sector, now viewed as a successful, growing, and job oriented export sector. 2001 data reveal that, with USAID support, Egyptian exports of table grapes, strawberries, and fine green beans increased by 60 percent in 1999/2000 compared to the previous year. Table grape exports increased by another 30 percent in 2001.

Activities in capital markets will be extended based on several years experience in successfully strengthening the institutional infrastructure. USAID advisors assisted the GOE in its successful \$1.5 billion Eurobond issue by recommending terms and conditions and ensuring that the underwriting process was open and transparent. The Eurobond establishes a yield curve which will serve as a benchmark for private sector borrowing and future government securities issues. A new willingness on the part of the GOE to increase both quality and transparency of data collection and dissemination has led to a planned extension and expansion of economic data support.

The Private Sector CIP stimulates private sector investment by providing import financing through 31 Egyptian commercial banks to Egyptian private sector businesses to import U.S. equipment and materials. It is an on-going program that incorporates both trade and investment. During FY2001 a total of 740 transactions were approved to finance the importation of U.S. equipment and materials valued at \$227 million. 250 Egyptian firms, 39% of which are partially women owned, benefited from the program. These firms have a work force of about 87,000 employees. 260 U.S. firms supplied U.S. equipment and materials to the Egyptian firms. Political unrest in Upper Egypt has been attributed to the lack of investments that create jobs and increase productivity. Through a special incentive program for

transactions destined for Upper Egypt, the CIP financed 12 transactions for a total value of \$3.6 million in FY2001.

The U.S.-Egypt Joint Science and Technology Board received 177 proposals in FY2001, the highest number ever, for collaborative research grants linking scientists from the United States and Egypt. The Joint Board awarded 32 grants to 64 American and Egyptian researchers, sponsored workshops, and agreed to a new grants program for junior scientists in the fields of biotechnology, information technology, clean environmental and manufacturing technologies, and standards. The United States and Egypt also renewed the umbrella Science and Technology Cooperation Agreement for a further five years to September 2005.

Challenges: During FY2001, credit conditions, GOE revenues, and the balance of payments have considerably worsened. The continuing U.S. commitment to long-term policy reform in the midst of short-term crisis management is reflected in new activity designs and efforts to improve national dialogue on priority issues. Despite a number of positive developments and successes this reporting period, there was no improvement in the outward orientation of the economy (as measured by the share of trade in GDP), WTO compliance, or direct taxation, three policy areas critical for sustained improvement of the trade and investment environment. In addition, privatization continued to falter. Several decisions have been taken to redeploy resources in light of these developments. Most significantly, privatization funds are being reallocated to permit expanded efforts in the financial sector, where GOE commitment, new IMF involvement, and USG interest offer greater promise for privatization.

Beneficiaries: Program activities directly benefit Egyptian businesses and farms of all sizes. Because Egyptian businesses and farms are the source of dynamism and employment in Egypt, activities benefit their employees, suppliers, and buyers. Since 1998, with USAID support, total export revenue from non-traditional fresh horticultural produce has exceeded \$100 million, and 20,000 new jobs have been created.

The impact of USAID's economic growth program on the lives of ordinary Egyptians can be documented by comparing those who do and don't benefit from USAID investments. Ten years of USAID support helped the Egyptian business community establish over 80 lending units for Small and Micro Enterprises (SMEs) throughout Egypt. Last year alone, the number of poverty loans under \$300 more than doubled from 16,000 to 34,000 loans, an increase of almost \$10 million in poverty lending. Another example comes from a recent national survey, demonstrating that USAID-supported agricultural technology and policy reform had a significant impact on the lives of ordinary people in rural areas. Household wealth, use of medical services, improved nutrition, and girls' enrollment all improved more rapidly in these areas of the country benefiting from agricultural technology and policy change than in areas more constrained by government controls and ownership of processing facilities.

SO 17: Skills for Competitiveness Developed

Overview: This is the first year of program implementation. Core interventions are just starting, and thus results could not be reported for this year. The program start-up is on-track and is meeting expectations. The program addresses workforce skill constraints to Egypt's competitiveness, by supporting the direct provision of market-relevant skills through training, and the development of training institutions. Within the broad arena of management and workforce skills, the program places particular emphasis on management and information technology (IT) skills, as these areas have been identified as major limiting factors to Egypt's competitiveness.

Key Achievements: Fifteen hundred university graduates completed information technology (IT) training, leading to certification in various software areas including database development and administration, Web development, e-commerce, and Microsoft Certified Engineer Training; and 62 candidates from the private sector began MBA and Masters in IT programs in the U.S. The Prime Minister authorized the establishment of the Egyptian Technology University (ETU) as a private, autonomous, non-profit university, and approved the allocation of 300 acres for its campus. This process will culminate in the

issuance of a presidential decree formalizing the university's establishment. A USAID grant to the International Bank for Reconstruction and Development assisted the Regional Information and Software Engineering Center (RITSEC) in establishing a distance-learning center. The center will be completed in March 2002, enabling RITSEC participation in the IBRD's Global Distance Learning Network and enhancing its ability to offer distance learning-based graduate programs in management and IT. A contract for follow-on to the earlier tourism cluster development work has been awarded and will provide the industry with market-responsive training (identified in the phase one) to approximately 6,000 workers over the coming two years. Another contract has been awarded that will provide technical assistance for the establishment of the ETU and the Smart School initiative introducing an IT education component in 100 non-governmental schools. Under this contract, various short-term management training opportunities will be provided. There were no targets set in the Performance Monitoring Plan (PMP) for this reporting period. SO and IR targets are set for 2002. Performance against the targets will be reported in the next Annual Report.

Challenges: The issuance of GOE approval for the establishment of the private ETU formed the principal programmatic challenge. ETU approval was caught up in the broader exercise of Egypt's reassessment of its private higher education experience over the last ten years. This difficulty was overcome through dialogue with the business community, and two GOE ministries. As a result, a meeting led by the Prime Minister, resolved ETU approval issues and led to the issuance of the necessary preliminary approval. Another challenge was to build the necessary business community support and readiness for cost sharing regarding the establishment of a world-class business school in Egypt, essential for the success of this project. This challenge is being addressed through dialogue with the business community represented by the Future Generation Foundation (FGF) and the GOE that places strong emphasis on the project.

Beneficiaries: Program beneficiaries include (a) young university graduates who increase their employability as a result of training on market-relevant business and technical skills; (b) mid- and top-level managers who enhance their management skills through management training interventions; (c) Egyptian businesses that become more competitive through employing better skilled employees; and (d) school and university students at the Smart Schools and the ETU who will later contribute to a more productive and modern workforce.

SpO 18: Access to Sustainable Utility Services in Selected Areas Increased

Overview: The USAID infrastructure program is made up of three components: construction activities to enhance utility services and coverage; assistance to help utilities operate efficiently, improve services, and recover costs; and, capacity building in regulating utility performance and increasing private sector participation. The program met its targets and expectations for the reporting period. The program is expected to conclude in 2005. Construction is winding down. Emphasis has shifted to sustainability of investments.

Key Achievements: In both the electric power and telecommunications sectors, USAID construction programs have switched emphasis from expanding system capacity to improving system efficiency and reliability. In the power sector, improved system reliability is promoted by building control centers that manage the national and regional electric power grids. Such centers are being completed at Cairo and Alexandria, while the National Energy Control Center upgrade has been completed. In telecom, USAID capital assistance improves system reliability by building digital switch exchanges and a Network Operations Center to make it possible to efficiently re-route calls when particular exchanges are over loaded. In the water and wastewater (W/W) sector, a new water treatment plant for Mansoura, Egypt's third largest city, was completed in FY2001, while construction is ongoing in Aswan Governorate, Luxor, Nuweiba, and Alexandria.

In the last twelve months, the GOE made progress by further restructuring the electric power sector, from seven combined generation and distribution companies, into a transmission company, five generation companies, and seven distribution companies, in a further move towards decentralization and increased private sector participation. This new structure, when combined with power pooling and the

establishment of the regulatory board, greatly enhances competition in the supply of electricity. USAID policy dialogue led to development of enabling legislation for creation of a W/W regulatory agency and repeal of restrictions on private investment. In May 2001, Cabinet approved the new legislation; review and ratification by the People's Assembly is expected in 2002.

In summary, the infrastructure special objective met its targets for FY2001. Work on the 11 ongoing construction activities (5 W/W, 3 power, and 3 telecom) progresses satisfactorily. Six of the nine USAID-assisted W/W utilities made genuine progress towards cost recovery in the past year. Approval of the draft legislation for creation of a W/W regulatory agency represents the most significant step taken to date to address the legacy of a centralized tradition of public service provision. Further progress in regulatory reform to improve cost recovery by local W/W utilities, and to provide for the sustainability of past USAID investment is expected. In the electric power sector, the GOE made substantial progress in FY2001 in establishing an appropriate policy environment by the further restructuring of combined generation and distribution companies, and by appointment of regulatory agency board members.

Challenges: Ensuring the sustainability of past investments represents the primary challenge facing the infrastructure portfolio. USAID will address this challenge both through institutional development of utilities, and the creation of a policy environment that establishes incentives for utilities to recover costs, achieve new performance standards, and access private capital markets for financing capital investments. To meet this challenge, USAID will intensify ongoing institutional efforts, complete our infrastructure investment commitments, and assist the GOE to continue progress in legal/regulatory reform, and private sector participation.

Beneficiaries: When the USAID/Egypt infrastructure program concludes in 2005, about 22 million people in Egypt will have benefited from USAID water and sanitation investments. Five million people will have benefited from new or improved telephone services; and 95 percent of all Egyptians will have benefited from the USAID-financed expansion of electric power generating capacity and improved system reliability. USAID has co-financed about 4,000 megawatts of electric power generating capacity that represents about 40 percent of Egypt's power generating capacity. USAID-financed upgrades of control centers in Cairo and Alexandria have increased system reliability of the entire electric power grid. In telecom, USAID invested approximately \$660 million since 1987. This resulted in 860 thousand new telephone lines that serve about five million people, based on an average household size of five persons. In water/wastewater, about fifteen million people benefited from past investments which include over ten million residents of Cairo, three million residents of Alexandria, one million inhabitants of the three Suez Canal cities, and about 700 thousand people living in the cities of Fayoum, Beni Suef, and Menia. USAID's ongoing water and wastewater treatment facilities' construction is estimated to serve over seven million people. This includes 1.32 million people in Mansoura, 77 thousand people in Luxor, 42 thousand people in Nuweiba, 350 thousand people in Aswan governorate, 2.1 million people in Fayoum, Beni Suef, and Menia governorates; two million beneficiaries from improved wastewater services in Alexandria, and 1.4 million beneficiaries of improved water services in Alexandria.

SO 19: Management of the Environment and Natural Resources (ENR) in Targeted Sectors Improved

Overview: New public-private partnerships were created and existing ones strengthened to contribute to improvement of urban environmental management, Red Sea biodiversity conservation, water resources management, and energy efficiency. Policy and institutional reforms accomplished under the three main programs of SO 19 led to significant increase of private sector investment in environmental management in those sectors.

Key Achievements: During FY2001 SO 19 met its targets of improving the ENR in the targeted sectors. Airborne lead concentrations in Shoubra El Kheima (a densely populated area in Cairo) have dropped significantly over the past two years. Continued progress in promotion of natural gas as a cleaner fuel resulted in an increased number of Compressed Natural Gas (CNG)-powered buses in the Cairo municipal fleet as well as passenger vehicles. Sales of natural gas to the transportation sector amounted

to 43.6 million gallons of gasoline equivalent (33 percent increase in one year), which exceeded USAID expectations for FY2001. Natural gas conversion allows increased use of a relatively clean and abundant domestic fuel source and reduces dependence on subsidized diesel fuel imports. USAID continued technical assistance to promote natural gas conversion and energy efficiency services in the Egyptian market, which increased the number of private sector service providers to fifteen in FY2001. The service is now offered competitively.

USAID also supported the improved enforcement of environmental impact assessment (EIA) for tourism facilities along the Red Sea coast. About 38 percent of facilities in the area had received approval through the EIA process prior to construction, a 16 percent increase compared to the 1999 baseline. Support is also extended to the Egyptian government to implement Environment Management System (EMS) programs and promote environmental best practices. Training of Red Sea park rangers resulted in marked improvement in their capacity to perform nature protection duties. Using its own resources, the GOE made significant progress employing additional rangers. In FY2001, there were 36 rangers in the Red Sea Marine Park compared to only ten rangers that were employed in FY1999.

Progress in irrigation management transfer exceeded expectations. Areas managed by water boards and water users associations increased 56 percent to 293,956 feddans in FY2001 compared to 187,507 feddans in FY2000. The value of aggregate agricultural production (of 23 major crops) per 1000 cubic meters (CM) of Nile water increased by 1.5 percent during 1999/2000 to 559 LE/1000 CM, nearly meeting the target of LE 562/1000 CM.

Restoration and conservation activities continued under the two USAID funded antiquities grants, the Egyptian Antiquities Project and the Antiquities Development Program. To date, the grants have completed 25 conservation and restoration activities in Islamic Medieval Cairo, the Coptic Monasteries of the Red Sea, Pharonic sites in Luxor, and other important antiquity sites in Egypt. The grants have also provided overseas training for 29 museum staff and in-country training for 50 antiquity inspectors. The antiquity sites have been recently visited by the USAID Administrator, the Assistant Administrator for the Asia and Near East Bureau, and U.S. legislators who have praised the ongoing activities to safeguard Egypt's cultural heritage. USAID/Egypt is currently processing a follow-on antiquities grant of approximately LE 60 million (\$13 million) to be funded from the FT-800 (local currency) account.

Challenges: As in many other sectors, challenges faced by the environment sector included the economic downturn that has been prevailing in Egypt since 2000 and that was exacerbated by the tragic events of September 11, 2001. Tourism, representing one of Egypt's main sources of foreign exchange earnings, was severely affected, as was the case in other countries around the world. Historically around the world, and nevertheless in Egypt, willingness to invest in environmental management and technology, resulting in improved environmental conditions has been closely linked with increased income. Although no major impacts on the environmental program have been observed since September 11, SO 19 is conscious of potential impacts on private sector willingness to invest in environmental management in all its targeted sectors.

Planning for Tranche II of the Egyptian Environmental Policy Program continued over three months. This allowed for the engagement of all GOE and other non-governmental partners at early phases of planning, which resulted in buy-in and ownership from counterparts and increased likelihood of sustainability. In addition to the long work planning duration, additional time will also be needed to carryout the resulting complex work plans with a wider array of new and existing partners and beneficiaries. To meet this need, Tranche II is being extended by nine months and more technical assistance resources are being shifted from Tranche III. Re-planning of the remaining phases of EEPP was found to be somewhat challenging, yet essential.

Beneficiaries: Key clients are the Government of Egypt, private sector, and non-governmental organizations that conduct and advocate environmental policy reform. Ultimate beneficiaries are the Egyptian public. Specific target population include inhabitants of Shoubra El-Kheima urban-industrial area; and residents of the cities of Alexandria, Cairo and Kalyoubia who are direct beneficiaries of the solid waste management (SWM) services. In general, the health of Greater Cairo inhabitants (25 percent

of Egypt's population) will benefit from switching to natural gas as a cleaner fuel. Efforts to sustain the ecological system of the Red Sea will directly benefit and sustain tourism. Efforts to improve efficiency in the use of water resources will also affect the lives of future Egyptian generations.

SO 20: Healthier, Planned Families

Overview: Egypt showed progress on many health and demographic indicators. Outstanding results were reported in maternal health, and maternal mortality decreased 51 percent between 1993 and 2000. Moderate progress was made on achieving reforms in government policy and provision of services. For example, the MOHP increased its expenditures on primary health care and extended cost recovery to more hospitals. Major challenges and issues for policy dialogue include the continued desire for large families, strong sentiment favoring state control in the provision of health services, and the lack of evidence-based government policy making. It is important to note that President Mubarak publicly recognized, on numerous occasions, the correlation between lower population growth rates and economic growth. Also, the Ministry of Health and Population (MOHP) is focusing on primary health care, an area where small or minimal cost interventions can have great economic benefits and can result in longer and more productive lives.

Key Achievements: Based on results of the Maternal Mortality Study 2001, the final results of the Egypt Demographic and Health Survey (EDHS) 2000 published in January 2001, and other reports, the program has met its targets in the past year. Significant results include:

- Maternal Mortality Rate (MMR) declined dramatically from 174 (per 100,000 live births) in 1992/93 to 84 in 2000/01. The decline in poorer Upper Egypt was greater than in better-off Lower Egypt, resulting in equal MMRs for the first time. This decrease of more than 50 percent is a result of Egypt's intensive efforts, assisted by USAID, to improve and extend maternal/child health, obstetric care, family planning, girls' education, and other services to the population.
- The Ministry of Health and Population (MOHP) made progress on contraceptive security. It took over the procurement and distribution of condoms and NORPLANT in 2001. USAID now provides only two contraceptive methods, IUDs and injectables, which the MOHP will take over by 2006.
- On the policy front, a breakthrough occurred when the GOE reclassified IUDs and condoms as "contraceptives" instead of "medical devices" for tariff purposes. This reduces customs tariffs on these items from 5 to 1 percent, and eliminates the sales tax of up to 10 percent, thus making these products more affordable. Also, the Population policy environment score of 71.8 approached its target level of 72, indicating progress in a number of policy areas.
- The GOE met an important health policy target in the past year by achieving a greater than expected (10.35 percent annual increase) in per capita expenditures on primary health care. Annual PHC expenditures reached LE 25.35 per capita according to the GOE's most recent report. The MOHP also extended hospital autonomy and cost recovery to 10 new hospitals, bringing the total number to 62 hospitals. Finally, the percentage of the population protected by government health insurance reached 48 percent in 2001 – well above the planned level of 41 percent. These changes indicate the MOHP is taking measures to reach those with greater need while improving efficiency and its commitment to support for primary health care activities.
- Percentage of births attended by a trained provider increased from the baseline of 46.3 percent (1995) to 60.9 percent in the EDHS 2000, well above the planned level of 54 percent. Note that last year's R4 mis-reported the actual (at 53.5) and that the 60.9 percent actual is the correct figure.

- Results were slightly less than expected on a few indicators, eg, only two (and not three) non-government facilities were accredited and contracted to provide family health services (under the health reform pilot program).
- Vaccination coverage against tuberculosis, diphtheria, pertussis, tetanus, polio and measles for children increased from 79 percent in 1995 to 92 percent in 2000. Tetanus toxoid vaccinations for pregnant women increased from 69.5 percent to 72.4 percent over the previous five years.
- Total fertility is 3.5 percent, an insignificant decline over the past five years. However, total fertility in Upper Egypt dropped to 4.7 births from 5.2 just five years earlier, indicating progress in Egypt's USAID supported population programs. Further, use of family planning over the past eight years has increased by about one percent per year, to 56 percent in 2000. USAID/Egypt will continue to work on this critical issue, recognizing that the sustained reduction in population growth will contribute to economic and political stability.

A detailed plan for an orderly phase-out of USAID bilateral assistance by FY2009 and an orderly phase-in of GOE and other partners' support has been completed and will soon be reviewed and approved. Guided by the phase-out plan and the population and health strategy, USAID will design a consolidated set of new activities to: 1) broaden access to quality family planning and maternal and child health services for the under-served; 2) enable families to prevent disease and maintain health; and 3) secure the sustainability of family planning and maternal and child health services through greater NGO and private sector participation.

Challenges: Average desired fertility remains at 2.9 children, above the replacement fertility level, an obstacle to reducing population growth. Eighty percent of maternal mortality is still attributable to preventable factors. Egypt is one of only ten countries still reporting polio, five cases in 2001, and eradication efforts must continue and intensify. Regional disparities in provision of health and population services are especially marked. For example, only 31.2 percent of women in rural Upper Egypt were assisted at delivery by a medical provider compared to 80 percent in urban governorates.

Beneficiaries: The USAID supported health and family planning program is a national program that benefits all Egyptian families. It has a primary focus on the poor and underserved families, especially in rural areas, in Upper Egypt and in urban slums. Women of reproductive age, youth and children in Upper Egypt are also priority targets.

SpO 21: Egyptian Initiatives in Governance and Participation Strengthened

Overview: The promotion of transparent and accountable governance is central to the development of an environment that encourages private sector job creation and a more sustainable resource base. In this context, citizen participation and the responsiveness of institutions constitute the backbone of transparent and accountable governance, and guide USAID efforts in this area. USAID focuses: on supporting a stronger role for civil society; introducing the application of participatory models of service delivery; supporting improvements in the administration of justice; and supporting the information and research capability of the legislature.

Key Achievements: Overall program performance met expectations. All targeted NGOs showed improvements in their organizational and technical capacity skills in three main areas: internal governance, financial and operational management, and advocacy. Large grantees met targets via improvements in internal governance and advocacy, while small grantees achieved targets through discrete grant activities to improve management (strategic plans) or governance (expansion of the membership base.)

Continued progress in the Administration of Justice activity yielded a 50 percent reduction in case processing time in the two pilot courts, with judges now able to review a larger number of cases and accurately apply Egyptian law by having greater access to legal references. An improved cadre of

judges, trained to use modern legal tools and strategies, is now equipped to better serve businesses and individual clients. As a result of the institutionalization of computerized case initiation and registration network and increase in judges' knowledge of Egyptian civil law, there has been a reduction in case processing time in the two pilot courts. A more efficient and responsible judiciary will strengthen public confidence in the rule of law and provide a peaceful framework for increased citizen interaction with public decision-makers, thereby contributing to the growth of democracy and the private sector along with overall economic growth.

In the area of local governance, progress is being achieved. For example, activities in one pilot community demonstrated improved governance through the initiation of a web site designed to improve domestic/foreign investment and generate local employment opportunities in the community. The implementation of an educational program in another community resulted in improved utilization of local educational services and the employment of teachers. As a consequence, the delivery of local services in both communities improved and citizens in both sites feel more empowered to participate with line ministries and government officials in improving their quality of life. Equipped with enhanced capacity, NGOs designed and executed effective plans for advocacy and service delivery. For example, one NGO carried out 12 health caravans in a number of villages in Lower Egypt, extending services to their constituencies while petitioning a member of the Parliament to establish a health clinic at the local level; a number of grantees held public meetings and discussions attended by decision-makers to elicit their commitment to local problems. Another NGO held a local conference on the role of civil society development that was attended by 1,500 activists and decision-makers to raise awareness among these groups and improve linkages. Four NGOs initiated a network and developed a strategy for public-private dialogue.

As a result of the development of an Information Technology Strategic Plan (ITSP), a central database was designed that serves both houses of Parliaments and provides access to a wider information base. Anecdotal information demonstrates that members of Parliament are using information that is now available to them during their debates in Parliament and for decision-making.

In certain areas, such as civil society development and rule of law, performance exceeded expectations and resources will continue to be allocated to these activities. In other areas, such as parliamentary reform, performance was adequate but not exemplary, so resources will not continue in this field.

Challenges: In the Administration of Justice activity, a judicial hiatus occurred in October, November and April of FY2001 due to judicial oversight of parliamentary elections. As a result, case processing ground to a virtual halt. Nevertheless, progress in case processing continued due to modern judicial training, extensive court automation and streamlining of court procedures.

Beneficiaries: The beneficiaries of USAID resources are judges, civil society activists, and government officials at both the national and local levels. All Egyptian citizens benefit from greater efficiencies in the court system, increased capability in the non-governmental sector, and more participatory and transparent management of service delivery at the local level.

SPO 22: Improved Access, Quality and Efficiency of Basic Education

Overview: Girls' enrollments continue to increase each year, yet access to education remains an acute problem, especially in Upper Egypt where gender and poverty imbalances are greatest. Lack of gender equity and limited access to quality basic education are impediments to longer-term social and economic growth.

USAID targets support to (1) demonstrate models of improved basic education (emphasizing girls and young women); (2) strengthen English language skills and improve teacher training; (3) increase the capacity of secondary education to meet market demand; and (4) accelerate education reforms through pilot decentralization. Special attention is paid to under-served areas, especially rural Upper Egypt. A critical education reform pilot has begun in Alexandria with potential for future expansion in Upper Egypt

and on a national level.

Key Achievements: In FY2001, 29,767 girls and young women directly benefited from formal and non-formal basic education programs. These programs expanded access, promoted quality, introduced local school management, and improved teaching, training and management efficiency. Nearly 14 thousand girls enrolled who would not have otherwise attended school. Strong and rapid mobilization continued under the New Schools Program (NSP) with seventy-three community education teams in rural, Upper Egypt trained and engaged, promoting local school management. Democratic participation in this process was notable, with women playing strong leadership roles. Communities identified 66 plots of land and secured approvals for construction of 40 USAID-funded schools. Despite high levels of poverty, contributions from the communities (since 2000) reached more than \$1.2 million. Construction of six formal schools was completed and 137 temporary and multi-grade schools opened to enroll 9,940 students. Nearly 1,100 teachers were trained last year to work in the seventy planned schools under the NSP. These schools will be constructed by 2003 and will enroll 28,800 girls per year. A new Education Reform Pilot in Alexandria began in FY2001 with accelerated implementation and strong public and private sector support. The Ministry of Education granted unprecedented delegations of authority to the governorate for new management and administrative reforms under this program. Upon completion, this important initiative could serve as a model for other governorates.

USAID's successful approach of promoting collaborative, local partnerships and joint implementation resulted in 158 community development organizations helping to implement formal and non-formal programs. This is critical to building skills and promoting local sustainability. Four partnerships enabled 3,181 previously unenrolled girls to receive scholarships to attend primary school. Girls in this program achieved an average 85 percent pass rate on the fifth year exam, far above the 70 percent national average. Other partners provided 1,837 girls from the poorest families with preparatory scholarships. More than 9,400 adolescents and young women in Upper Egypt benefited from a non-formal life-skills program which promotes rights, literacy, job skills, and reproductive health. Thirty-six local NGOs implemented the life-skills program this year and dozens more have already incorporated and are sustaining the program intended to educate and empower young women with no other access to basic health and life-skills information.

Household survey data showed that 61 percent of children under age eight (three million children) and 32 percent of adults regularly watched the USAID-funded Egyptian "Sesame Street" series. Such reach is unprecedented and is helping to build literacy and numeracy skills, promote girls' education, and encourage sound health and environmental practices.

Quality in-service and pre-service teacher education is being strengthened at national, governorate and local level. English language skills and teaching capacity of 7,326 teachers and supervisors increased this year. This English language training program is highly effective; 86 percent of the students of these trained teachers were able to use English in a meaningful way. This year 37 "Master Teachers" traveled to the U.S. to receive training on learner-centered teaching methodologies, part of a planned cadre of 80 "Master Teachers," who in turn will train one thousand more for the NSP schools in Upper Egypt.

Expanded support for secondary education has been deferred this year given the breakthrough and resource requirements of accelerated implementation on education reform. However, previous pilot activities remain successful with businesses providing input to the curriculum for students in technical and vocational schools to improve their basic skills.

Challenges: USAID is pursuing a [Governorate](#) level education reform program thus promoting decentralization and improved school management. Critical challenges included obtaining complex land approvals for school construction, which is now proceeding on schedule. Community participation and determination greatly assisted resolving this challenge and are essential to the tremendous success of the overall program. Ministerial Delegations of Authority for the new Alexandria Reform Pilot have also been a key development, facilitated by strong partner relations at the national, governorate and local levels. SO 22 is currently undergoing a detailed program review and design on new program elements. The SO statement is likely to change in the coming year to more accurately articulate program focus.

Beneficiaries: Primary beneficiaries of the USAID/Egypt education program are girls ages 6-14 and their families, Ministry of Education teachers; supervisors, private sector English language providers, preschoolers, and adolescent young women.

Annual Report Part IV (B): Updated Results Framework

Strategic Objective 16: Environment for Trade and Investment Strengthened

Result No. 16.1: Policy Framework for Trade and Investment Improved

Result No. 16.1.1: Trade barriers reduced

Result No. 16.1.2: Privatization & Commercialization Increased

Result No. 16.1.3: Information for Policy Making Improved

Result No. 16.2: Private Sector Competitiveness Increased

Result No. 16.2.1: Management and Technology Adoption Improved

Result No. 16.2.2: Market Information Improved & Increased

Result No. 16.2.3: Investment Environment in Selected Sectors Improved

Result No. 16.3: Opportunities for Business Growth Enhanced

Result No. 16.3.1: Financial Institutions and Markets Fortified

Result No. 16.3.2: Increased Access to Information Communication Technology

Result No. 16.3.3: Business Access to Finance Increased

Result No. 16.3.4: Increased Access to Business Services for Disadvantaged Groups

Strategic Objective 17: Skills for Competitiveness Developed

Result No. 17.1: Market Responsive Management Skills Increased

Result No. 17.2: Market Responsive Information Technology Skills Developed

Result No. 17.3: Increased Market Responsiveness of Training in Selected Sectors

Special Objective 18: Access to Sustainable Utility Services in Selected Areas

Increased Power, and Telecommunications Sectors Established

Strategic Objective 19: Management of the Environment and Natural Resources (ENR) in Targeted Sectors Improved

Result No. 19.1: Foster Public – Private Partnerships

Result No. 19.1.1: Adopt Effective ENR Policy and Regulatory Framework

Result No. 19.1.2: Increase Capacity of ENR Sector Institutions

Result No. 19.1.3: Enhance Citizen Awareness

Result No. 19.2: Increased Investment in ENR Practices and Technology

Result No. 19.2.1: Adopt Effective ENR Policy and Regulatory Framework

Result No. 19.2.2: Increase Capacity of ENR Sector Institutions

Result No. 19.2.3: Enhance Citizen Awareness

Special Objective 20: Healthier, Planned Families

Result No. 20.1: Increased Use of Family Planning, Reproductive Health and Maternal and Child Health Services by Target Populations

Result No. 20.1.1: Enhanced Supply of Quality Services

Result No. 20.1.2: Increased Demand for Quality Services

Result No. 20.2: Healthy Behaviors Adopted

Result No. 20.2.1: Increased Knowledge of Health Risks and Healthy Practices

Result No. 20.3: Sustainability of Basic Health Services Promoted

Result No. 20.3.1: Private Sector Participation Enhanced

Result No. 20.3.2: Health Sector Capacity Strengthened

Result No. 20.3.3: Improved Policy and Regulatory Environment

Special Objective 21: Egyptian Initiatives in Governance and Participation Strengthened

Result No. 21.1: Capacity of Civil Society Organizations Improved to Participate in Development

Result No. 21.2: Stakeholder Collaboration Increased for Community Level Services

Result No. 21.3: Improvements in Selected Areas of Administration of Justice

Result No. 21.3.1: Judges' Knowledge of Egyptian Commercial Law Increased

Result No. 21.3.2: Effectiveness of Judicial Information Center (JIC) Enhanced

Strategic Objective 22: Increased Access, quality and efficiency of basic education (with an emphasis on girls)

Result No. 22.1: Quality Basic Education Programs Demonstrated (emphasizing girls)

Result No. 22.2: Systems That Provide Sustainable Quality Teacher Training Supported

Result No. 22.3: Increased Capacity of Secondary Education to Meet Market Demand

Result No. 22.4: Education Reform Accelerated

Table 1: Annual Report Selected Performance Measures

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
Pillar I: Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives						
1	Did your operating unit achieve a significant result working in alliance with the private sector or NGOs?	Yes X	No	N/A		An endowment was awarded to a local Egyptian NGO.
2	a. How many alliances did you implement in 2001? (list partners) b. How many alliances do you plan to implement in FY 2002?	One - The Egyptian Center for Economic Studies (ECES) None				An endowment was provided to ECES so that it may continue to meet the growing need for objective, independent applied economic research and policy analysis critical to increasing productive, private sector employment and export-oriented economic growth.
3	What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	TBD				
Pillar II: Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.						
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met		Of 17 indicators reporting, 5 exceeded, 4 met, and 8 did not meet targets.
USAID Objective 1: Critical, private markets expanded and strengthened						
5	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		A new mortgage law attracted a major US real estate firm, Coldwell Banker, to open a franchise which is expanding workforce skills, jobs, and home ownership.
USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged						
6	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		2001 data reveal that, with USAID support, Egyptian exports of table grapes, strawberries, and fine green beans increased by 60 percent. Data verified with TA contractor. National export data from the GOE will also be used.
USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable						
7	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		The number of poverty loans under \$300 more than doubled from 16,000 to 34,000 loans for an increase of almost \$10 million in poverty lending. Verification and assessment conducted through monthly visits and periodic audits.

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded					
8 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		Yes
9 a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual) b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)	Male NA NA	Female 20,314 29,800	Total 20,314 29,800		This figure represents the number of female students directly benefiting from the USAID program. However, about four million female students indirectly benefit through teacher and school management training. Data assessed through the review of grantee and contractor reports and field visits.
USAID Objective 5: World's environment protected					
10 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		During FY01 results achieved under SO 19 clearly contributed to the attainment of this objective.
11 a. Hectares under Approved Management Plans (2001 actual) b. Hectares under Approved Management Plans (2002 target)					
Pillar III: Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.					
12 If you have a Strategic Objective or Objectives linked to the Global Health pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met		TFR declined to 3.5 in 2000 from 3.6 in 1995, 3.9 in 1992; IMR declined to 44/000, down from 63/000 in 1995. DHS based data available every 4-5 years.
USAID Objective 1: Reducing the number of unintended pregnancies					
13 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		CPR for modern methods increased from 46% in 1995 to 54% in 2000. Unmet need reached just 11% in 2000, down from 16% two years earlier. DHS based data available every 4-5 years
USAID Objective 2: Reducing infant and child mortality					
14 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		Infant mortality in 2000 declined to 44/000 from 63 in 1995. The decline in Under-five mortality was similar. The decline in UE IMR was greater than in Egypt as a whole. DHS based data available every 4-5 years.

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth						
15	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		Egypt's Maternal mortality ratio declined by more than 50% between 1993/4 and 2000/1, even faster in Upper Egypt (where the problem has been greatest). MMR for Egypt is at 84 per 100,000 live births (2000/01), down from 174 in 1993/94.
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries						
16	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A		HIV/AIDS surveillance activities increased; requests for proposals were sent to NGOs, and an STI and HIV-risk assessment study was completed on special interest groups. More public education needed in 2002, and Mission has programmed resources to achieve this.
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance						
17	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		The number of districts reporting on priority infectious diseases - based upon new epidemiological surveillance, increased from 0 (baseline) in 1999 to 92 in 2001.
Pillar IV: Democracy, Conflict and Humanitarian Assistance						
18	If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets?	Exceed	Met X	Not Met		Activities in the areas of civil society and administration of justice met their target. Based on results of annual survey of court users and field visits.
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened						
19	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		As a result of the institutionalization of computerized case initiation and registration network and increase in judges' knowledge of Egyptian civil law, there has been a reduction in case processing time in the two pilot courts.
USAID Objective 2: Credible and competitive political processes encouraged						
20	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
USAID Objective 3: The development of politically active civil society promoted					
21 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		All targeted NGOs depicted improvements in their organizational and technical capacity, in addition, NGOs designed and executed effective plans for advocacy and service delivery.
USAID Objective 4: More transparent and accountable government institutions encouraged					
22 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A		The local governance activity is promoting mechanisms for increased citizen participation.
USAID Objective 5: Conflict					
23 Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
24 Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
25 Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total		
USAID Objective 6: Humanitarian assistance following natural or other disasters					
26 Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X		
27 Number of beneficiaries					

Annual Report Part IV (A): FY 2001 Performance Data Tables and Results Frameworks

Table 2: Selected Performance Measures for Other Reporting Purposes

The information in this table will be used to provide data for standard USAID reporting requirements

Indicator (all data should pertain to FY or CY 01)	OU Response			Fund Account	Data Quality Factors
Child Survival Report					
Global Health Objective 1: Reducing the number of unintended pregnancies					
1 Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)	53.9%				
Global Health Objective 2: Reducing infant and child mortality					
2 Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male 94.5%	Female 95.4%	Total 94.9%		
3 Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male 38.5%	Female 35.5%	Total 37.1%		
4 Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male 22%	Female 23.5%	Total 22.7%		
5 Were there any confirmed cases of wild-strain polio transmission in your country?	Yes				Three cases reported in 2001.
Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth					
6 Percentage of births attended by medically-trained personnel (DHS/RHS)	60.90%				figure for rural UE is only 31%
Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance					
7 a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual) b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)	NA NA				No reported malaria cases in Egypt
8 Proportion of districts implementing the DOTS Tuberculosis strategy	NA				SO20 will investigate in 2002, and may have data in 2003

HIV/AIDS Report

Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

9 a. Total condom sales (2001 actual) b. Total condom sales (2002 target)					
10 a. Number of individuals treated in STI programs (2001 actual) b. Number of individuals treated in STI programs (2002 target)	Male	Female	Total		
11 Is your operating unit supporting an MTCT program?					
12 a. Number of individuals reached by community and home based care programs (2001 actual) b. Number of individuals reached by community and home based care programs (2002 target)	Male	Female	Total		
13 a. Number of orphans and vulnerable children reached (2001 actual) b. Number of orphans and vulnerable children reached (2002 target)	Male	Female	Total		
14 a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual) b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)	Male	Female	Total		

Victims of Torture Report					
Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture					
15	Did you provide support to torture survivors this year, even as part of a larger effort?				
16	Number of beneficiaries (adults age 15 and over)	Male	Female	Total	
17	Number of beneficiaries (children under age 15)	Male	Female	Total	
Global Climate Change					
USAID Objective 5: World's environment protected					
18	Global Climate Change: See GCC Appendix				USAID/Egypt reports on global climate change on a voluntary basis as a contribution to the Agency's Climate Change Initiative (CCI) action plan for FY 1998-2002. Climate change impacts of USAID/Egypt's activities is addressed through energy, industrial and urban sectors as per the attached annex

Annual Report Part VII: Environmental Compliance

The Mission's Strategic Objectives and related activities are in compliance with previously approved Initial Environmental Examinations (IEEs) and Environmental Assessments (EAs). The Mission does not anticipate any issues related to the implementation of requirements under 22 CFR 2156 in FY2002. A threshold determination of environmental impact is made during the activity design process by the Mission Environmental Officer in consultation with activity managers and SO team leaders. Planned new activities or amendments to existing activities during FY2002 are listed below.

1. Activities Requiring Environmental Reviews

1.1. New Activities

- SO 16 Financial Reform/Strengthening the Banking Sector
- SO 16 Commodity Import Program (CIP)
- SO 16 Private Sector-Based Export Promotion
- SO 16 Customs Reform
- SO 16 Monitoring & Evaluation Project
- SO 17 Workforce II
- SO 17 Leadership Endowment
- SO 19 Partnership for Environmental Progress (PEP)
- SO 20 Health Policy II
- SpO 21 Administration of Justice II
- SpO 22 DT III
- SpO 22 Education Reform

1.2. Amendments to Existing Activities

- SO 16 CIP
- SO 16 Partnership for Competitiveness
- SO 16 Capital Markets
- SO 16 Partnership for Economic Reform
- SO 16 Financial Reform/Strengthening the Banking Sector
- SpO 18 Power Sector Support II
- SpO 18 Telecommunications Sector Support
- SpO 18 Egypt Utilities Management
- SO 19 Egyptian Environmental Policy Program (EEPP): Civil Society Component
- SO 19 Agricultural Policy Reform Program (APRP)
- SO 19 Cairo Air Improvement Project (CAIP)
- SO 20 Combating Endemic & Emerging Diseases
- SO 20 Population IV
- SO 20 Health Policy Support (TA)
- SpO 21 NGO Service Center
- SpO 21 New Communities

2. Environmental Reviews/Assessments in Process

SpO 18 Egypt Utilities Management: Alexandria Water Master Plan High Priority Projects Environmental Assessment